Message Text

CONFIDENTIAL

PAGE 01 EC BRU 00652 01 OF 02 010243Z

73

ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 AID-20 CEA-02 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02 SPC-03

STR-08 TRSE-00 LAB-06 SIL-01 OMB-01 SCI-06 FEA-02

INT-08 DODE-00 PM-07 H-03 L-03 NSC-10 PA-04 PRS-01

SS-20 SAM-01 IO-14 NEA-11 SSO-00 NSCE-00 USIE-00

INRE-00 DRC-01 /195 W

----- 029525

O R 010140Z JAN 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 6374

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSH THE HAGUE

AMEMBASSY TOKYO

USMISSION OECD PARIS

C O N F I D E N T I A L SECTION 1 OF 2 EC BRUSSELS 0652

STATE ALSO FOR T/IEP

E.O. 11652: GDS

TAGS: ENRG, EEC, US

SUBJ: ENERGY: COMMISSION REACTION TO US VIEWS ON WASHINGTON

ENERGY CONVERENCE

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 EC BRU 00652 01 OF 02 010243Z

REF: A) STATE 19381

B) EC BRUSSELS 619

1. BEGIN SUMMARY. GENERAL REACTION IN THE COMMISSION (WITH ONE EXCEPTION) TO US VIEWS CONTAINED IN REFTEL A IS THAT WE SEEM TO HAVE "ESCALATED" THE DEGREE TO WHICH SUBSTANTIVE ISSUES ARE TO BE DEALT WITH AT THE WASHINGTON CONFERENCE. THEY HAD BEEN WORKING ON THE ASSUMPTION THAT THIS INITIAL MEETING WOULD BE DEVOTED TO A GENERAL POLITICAL DISCUSSION OF THE ISSUES AND THE FUTURE WORK PROGRAM AND PROCEDURES. THEIR FEAR IS THAT THIS "SHIFT" WILL MAKE IT MUCH MORE DIFFICULT FOR THE COMMUNITY TO AGREE ON A COMMON POSITION FOR THE CONFERENCE AND WILL GIVE THE FRENCH ANOTHER POSSIBILITY FOR CAUSING TROUBLE. THEY ALSO FEEL THAT THE LACK OF DETAILED PROPOSALS FOR BRING-ING IN THE LDC'S PROMPTLY WILL CAUSE PROBLEMS IN THE FEBBRUARY 4-5 COUNCIL MEETING. IN THE COURSE OF OUR DISCUSSIONS COMMIS-IONERS SOAMES AND GUNDELACH RECOGNIZED THAT THE ECONOMIC AND MONETARY ASPECTS OF THE PROBLEM HAD BECOME MUCH MORE APPARENT SINCE THE SECRETARY'S DECEMBER 12 SPEECH. THEY ALSO ACKNOWLDEGED THAT IN ORDER TO DEMONSTRATE THE VALUE OF INTERNATIONAL COOPER-ATION ON ENERGY IT WOULD BE IMPORTANT TO HAVE A GOOD SUBSTANTIVE OUTCOME TO THE CONFERENCE, END SUMMARY.

2. DURING A CALL ON EC COMMISSION VICE PRESIDENT SOAMES ON JANUARY 31 (SIMONET WAS OUT OF TOWN), SOAMES GAVE AMBASSADOR GREENWALD HIS REACTION TO THE US VIEWS ON THE WASHINGTON ENERGY CONFERENCE WHICH WE CONVEYED TO THE COMMISSION ON JAN 30 IN ACCORDANCE WITH REFTEL A. SOAMES DISPLAYED DISQUIET AND CONCERN OVER WHAT HE FELT TO BE A SIGNIFICANT CHANGE IN THE NATURE AND FORMAT OF THE CONFERENCE. HE SAID THAT EUROPEANS HAVE THE IMPRESSION FROM THE SECRETARY'S PILGRIMS SPEECH AND THE PRESIDENT'S LETTERS OF INVITATION THAT THEY WERE BEING ASKED TO PARTICIPATE IN A GENERAL DISCUSSION OF HOW TO BEGIN INTERNATIONAL ENERGY COOPERATION. HE SAID THE COMMUNITY HAD HAD SOME DIFFICULTIES IN RESPONDING TO OUR INITIATIVE BUT HAD BEEN ABLE TO RESOLVE THEM AND HE PERSONALLY HAD HOPED THAT EUROPE WOULD PARTICIPATE FULLY AND CONTRUCTIVELY IN THE CONFERENCE, NOW, SOAMES CLAIMED. THE US VIEWS ABOUT THE CONFERENCE AGENDA AND SCENARIA RAISED A NUMBER OF PROBLES.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 EC BRU 00652 01 OF 02 010243Z

3. SOAMES SAID HE WAS IMMEDIATELY CONCERNED ABOUT THE SUGGESTION TO INCLUDE FINANCE MINISTERS. HE HAD APPARENTLY INADVERTENTLY MISLED THE COMMISSION; HE HAD TOLD THEM DURING THEIR PREVIOUS DISCUSSIONS ABOUT THE CONFERENCE THAT FINANCE MINISTERS WOULD NOT BE INVOLVED. THE PROPOSED INCLUSION OF FINANCE MINISTERS AND PRESUMABLY A MORE SUBSTANTIVE DISCUSSION OF ECONOMIC AND MONETARY ASPECTS CONFRONTS THE COMMUNITY WITH EVEN MORE DIFFICULTIES IN ITS PREPARATIONS, DESPITE THE FACT--WHICH

HE ACKNOWLEGED--THAT THE COMMISSION'S OWN PAPER ON THE CONFERENCE HAD STRESSED THE IMPORTANCE OF ECONOMIC AND MONETARY CONSIDERATIONS. HE HAD ASSUMED FROM THE EARLIER STATEMENTS AND FROM THE INSISTENCE UPON THE PARTICIPATION OF FOREIGN MINISTERS THAT IT WOULD BE WHAT HE CALLED A "TALKABOUT"TYPE OF CONFERENCE. THAT IS, THE FOREIGN MINISTERS WOULD DISCUSS THE POLITICAL NATURE OF THE PROBLEMS AND THE NEED FOR INTERNATIONAL COOPERATION AND COME UP WITH A FUTURE PROECDURE AND WORK PROGRAM. THERE WOULD, OF COURSE, BE SOME SUBSTANTIVE DISCUSSIONS BUT BECUASE FORIEGN MINISTERS WOULD NOT GO DEEPLY INTO THESE MATTERS, IT WOULD BE MAINLY A TASK OF DECIDING HOW THEY SHOULD BE DEALT WITH BY THE COMPETENT PEOPLE. IN OTHER WORDS, HE HAD SEEN THE CONFERENCE AS A MODEST FIRST STEP ON THE ROAD OF INTERNATIONAL COOPERATION

4. AMBASSADOR GREENWALD REPLIED THAT WE HAD STRESSED THE PARTICIPATION OF FOREIGN MINISTERS BECAUSE OF THE POLITICAL NATURE OF THE PROBLEMS INVOLVED--BOTH WITH RESPECT TO ENERGY ITSELF AND WITH RESPECT TO RELATIONS BETWEEN EUROPE AND THE US. BUT AT THE SAME TIME WE HAD ALSO STRESSED THAT WE MUST HAVE MEAINGFUL SUBSTANTIVE RESULTS AT THE CONFERENCE. AMONG OTHER THINGS, THIS WOULD DEMONSTRATE THE USEFULLNESS OF MULTILATERAL CONSULTATIONS. THE AGENDA WE HAVE PROPOSED DOES NOT SUGGEST NOR DO WE BELIEVE THAT WE CAN SETTLE ALL PROBLEMS CONNECTED WITH ENERGY AT THIS SINGLE CONFERNCE. BUT WE HOPE THAT THE PARTICIPANTS CAN FORMULATE SOME GENERAL PRINCIPLES AT THE CONFERENCE WHICH WILL GUIDE US IN SUBSEQUENT STAGES OF THE INTERNATIONAL DIALOGUE. THE AMBASSADOR ALSO POINTED OUT THAT THERE HAD BEEN A SHIFT IN EMPHASIS IN THE ENERGY FIELD FROM SUPPLY PROBLEMS TO CONCERN ABOUT PRICES AND THEIR ECONOMIC AND FINANCIAL CONSEQUENCES. IN FACT, COMMISSIONER SIMONET HAD INDICATED EARLIER THAT THE COMMISSION CONFIDENTIAL

CONFIDENTIAL

PAGE 04 EC BRU 00652 01 OF 02 010243Z

HAD WANTED TO HAVE MORE EMPHASIS ON MONETARY CONSIDERATIONS AND HE FLET WE WERE THEREFORE THINGKING ALONG PARALLEL LINES. AMBASSADOR GREENWALD SAID THAT THE COMPOSITION OF THE US DELEGATION WHICH HAD BEEN GIVEN THE COMMISSION LAST WEEK CLEARLY INDICATED THE IMPORTANCE WE ATTACHED TO THE SUBSTANTIVE ASPECTS.

5. HANNAY, SOAMES' CHEF DE CABINET, SAID THAT THE FEELING IN THE COMMISSION HAD BEEN THAT THE WASHINGTON CONFERENCE WOULD FALL SOMEWHERE IN BETWEEN A PROCEDURAL AND A SUBSTATIVE MEETING BUT, IN ANY CASE, WOULD NOT BE SO SPECIFIC AS THE US AGENDA INDICATED. TO ASK THE RESPONSIBLE MINISTERS, AS OUR VIEWS SUGGEST, TO SIT DOWN ABOUND A TABLE AND DISCUSS MORE SPECIFIC TOPICS IS A DIFFERENT MATTER. THE COMMUNITY WOULD NOT HAVE A COMMON POSITION ON MOST OF THE SUBJECTS

WHICH THE FINANCE MINSTERS WOULD WISH TO DISCUSS. SOAMES ADDED THAT FINANCE MINISTERS WOULD NOT BE AT THE FEBRUARY 4-5 MEETING OF THE COUNCIL WHEN THE COMMUNITY'S POSITION FOR THE WASHINGTON CONFERENCE IS ADOPTED, AND WOULD THEREFORE BE UNABLE TO PREPARE THEMSELVES COLLECTIVELY.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 EC BRU 00652 02 OF 02 010253Z

73

ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 AID-20 CEA-02 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02 SPC-03

STR-08 TRSE-00 LAB-06 SIL-01 OMB-01 SCI-06 FEA-02

INT-08 DODE-00 PM-07 H-03 L-03 NSC-10 PA-04 PRS-01

SS-20 SAM-01 IO-14 NEA-11 SSO-00 NSCE-00 USIE-00

INRE-00 DRC-01 /195 W

----- 029587

O R 010140Z FEB 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 6375

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY OTTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

USMISSION OECD PARIS

CONFIDENTIAL SECTION 2 OF 2 EC BRUSSELS 0652

STATE ALSO FOR T/IEP

6. SOAMES THEN SUMMED UP THE DIFFICULTIES WHICH HE SEES WITH OUR VIEWS. HE SAID HE KNEW FROM THE START THAT THE COMMUNITY WOULD HAVE A DIFFICULT TASK IN PREPARING ITS POSITION FOR WASHINGTON. THE US PROPOSALS MAKE IT MORE DIFFICULT RATHER THAN EASIER FOR THE COMMUNITY TO PREPARE CONFIDENTIAL.

CONFIDENTIAL

PAGE 02 EC BRU 00652 02 OF 02 010253Z

ITSELF. "I HAD HOPED WE WOULD START OUT ON THIS PATH WITH A FEW STRIDES," SOAMES SAID AND ADDED THAT AN OVERLY AMBITIOUS PROGRAM FOR THE CONFERENCE AT THE OUTSET RISKED THE DANGER OF FAILURE WHICH WOULD MAKE THE RESULTING DIFFICULTY IN ACHIEVING BROADER INTERNATIONAL COOPERATION EVEN GREATER.

7. SOAMES CONTINUED THAT THE LATEST US VIEWS GIVE THE APPEARANCE OF AN ESCALATION, WHETHER INTENDED OR NOT, THE COMMUNITY HAD THOUGHT THAT CERTAIN PROPOSALS WERE ON THE TABLE, IT HAD DISCUSSED THOSE PROPOSALS IN THE JANUARY 14-15 COUNCIL MEETING, AND HAD DECIDED THAT THE COMMUNITY AND THE MEMBER STATES WOULD PARTICI* ATE IN THE CONFERENCE. THE COMMUNITY'S ABILITY TO ACCEPT THE WASHINGTON INVITATION WAS IN TRUTH PARTLY DUE TO THE FACT THAT FEW DETAILS WERE AVAILABLE REGARDING THE CONFERENCE AGENDA. NOW, THE PROBLEM IS THAT THE COMMUNITY WILL NOT BE ABLE TO DEVELOP A POSITION ON SUCH A DETAILED AGENDA. FURTHERMORE, IT WILL GIVE OPPONENTS OF THE CONFERENCE A NEW DEBATING POINT. SOAMES PREDICTED JOBERT, AT NEXT MONDAY'S COUNCIL MEETING. WOULD CITE THE LATEST US VIEWS TO CLAIM THAT WERE WERE CHANGING THE NATURE OF THE CONFERENCE. IF THE ORIGINAL INVITIATION HAD BEEN MENTIONED BOTH FOREIGN AND FINANCE MINISTERS, THE COMMUNITY'S RESPONSE WOULD HAVE BEEN MORE DIFFICULT TO OBTAIN, BUT THE SITUATION WOULD HAVE BEEN CLEAR.

8. AMBASSADOR GREENWALD POINTED OUT THAT THE INCREASED EMPHASIS ON ECONOMIC AND FINANCIAL CONSIDERATIONS WHICH THE COMMISSION NOW FINDS IN OUR VIEWS ON THE AGENDA REFLECTS THE DRASTIC INCREASE IN CRUDE OIL PRICES SINCE THE PILGRIMS SPEECH. OUR SUGGESTED FORMAT IS SIMPLY A REFLECTION OF CURRENT CONDITIONS. IT IS OBVIOUS TO ALL CONCERNED THAT ENERGY MATTERS TODAY ARE NOT JUST PROBLEMS OF SUPPLY, BUT ARE MORE AND MORE CONCERNED WITH THE ECONOMIC AND MONETARY IMPLICATIONS OF THE PRICE INCREASES. TO USE SOAMES' OWN WORDS, THE ESCALATION WHICH HAS OCCURRED HAS BEEN IN THE PRICE SCALE AND WE HAVE TAKEN ACCOUNT OF THAT IN OUR AGENDA SUGGESTIONS. SOAMES ADMITTED THE VALIDITY OF THIS ARGUMENT AND SAID HE WOULD USE IT ON HIS COMMISSION COLLEAGUES.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 EC BRU 00652 02 OF 02 010253Z

9. PRIOR TO SEEING SOAMES THE AMBASSADOR HAD LUNCHED WITH COMMISSIONER GUNDELACH WHO HAD A SOMEWHAT DIFFERENT REACTION. GUNDELACH SAID HE HAD BEEN ARGUING ALL ALONG IN THE COMMISSION THAT THE REAL ISSUE IN WASHINGTON SHOULD BE THE TRADE AND FINANCIAL CONSEQUENCES OF THE WORLD ENERGY SITUATION. HE TOOK THE POSITION THAT THE MONETARY SECTION OF THE COMMISSION PAPER, TAKEN TOGETHER WITH THE COMMISSION DOCUMENT ON THE INTERNAL ECONOMIC CONSEQUENCES OF THE ENERGY CRISIS (EC BRUSSELS 608), PROVIDED AN ADEQUATE BASIS FOR THE COMMUNITY'S PARTICIPATION IN THAT ASPECT OF THE CONFERENCE AGENDA. GUNDELACH WAS CONCERNED THAT THE COMMISSION SHOULD NOT TRY TO MODIFY ITS PAPER FOR THE WASHINGTON CONFERENCE AT THIS STAGE. HE CONSIDERS THAT IT IS FLEXIBLE ENOUGH TO ALLOW THE COMMUNITY TO PARTICIPATE IN THE SUBSTANTIVE DISCUSSION APPARENTLY DESIRED BY THE USG.

10. GUNDELACH CONSIDERS THAT THE MAIN PROBLEM WITH THE MEMBER STATES WILL BE TO AVOID HAVING THE COMMISSION'S PAPER WATERED DOWN TO DEAL ONLY WITH THE BROAD POLITICAL ISSUE AND WITH PROCEDURE. THIS WILL OBVIOUSLY BE THE THRUST OF THE FRENCH EFFORT, AND IT WILL BE UP TO THE OTHER EIGHT TO RESIST IT. GUNDELACH BELIEVES THE GERMANS WILL BE THE KEY TO HOW THE COMMUNITY COMES OUT. IF THE GERMANS HOLD FAST IN SUPPORT OF THE COMMISSION PAPER WITHOUT ANY SUBSTANTIAL MODIFICATION, THEN THE REST OF THE EIGHT WILL FOLLOW ALONG. IF THE GERMANS ARE NOT FIRM, THEN THE FRENCH MAY SUCCEED.

11. THE OTHER DANGER WHICH GUNDELACH SAW WAS THAT THE FRENCH WOULD EXPLOIT THE ABSENCE IN OUR VIEWS PRESENTED THUS FAR OF SPECIFIC PROPOSALS FOR BRININGING IN THE LDCS. HE WAS SURE THAT THE UNITED STATES WAS SUFFICIENTLY SENSITIZED TO THIS ISSUE TO HAVE IT WELL IN MIND. BUT IT HAD NOT COME OUT CLEARLY IN THE FIRST PRESENTATION OF US VIEWS, AND HE HOPED THAT THIS OMISSION WOULD BE QUICKLY CORRECTED. AS HE SAW IT, AN ADEQUATE POSITION ON THE LDCS WAS THE ONLY REAL GAP BETWEEN THE PRESENT US LINE AND THE PROPOSED COMMUNITY POSITION AS REFLECTED IN THE COMMISSION PAPER.

12. SEVERAL OTHER OFFICIALS, INCLUDING ASSISTANTS TO CONFIDENTIAL

CONFIDENTIAL

PAGE 04 EC BRU 00652 02 OF 02 010253Z

ORTOLI AND SIMONET, HAVE ALSO COMMENTED TO US THA WE SEEMED TO PLAY DOWN THE IMPORTANCE OF THE LDC ISSUE--WITH A SINGLE MENTION IN THE PROPOSED AGENDA. WE HAVE REPLIED THAT THE

PRESIDENT'S LETTERS OF INVITATION, AND PUBLIC STATEMENTS BY THE SECRETARY, MAKE IT ABUNDANTLY CLEAR THAT THE US DOES NOT INTEND TO EXCLUDE LDCS (CONSUMERS OR PRODUCERS).

13. SOME COMMISSION OFFICIALS HAVE NOTED THAT, IN SUGGESTING WORKING GROUPS, WE MENTIONED FOREIGN AND FINANCE "MINISTERS" BUT ENERGY AND SCIENCE AND TECHNOLOGY "OFFICIALS." THEY WONDERED IF THIS WAS INTENDED TO INDICATE WE DESIRE A DIFFERENT LEVEL OF PARTICIPATION. WE RESPONDED THAT SENIOR OFFICERS OF THE US GOVERNMENT HAVING PRIMARY RESPONSIBILITY IN SOME OF THE FIELDS INVOLVED DO NOT HOLD CABINET POSTS BUT THAT THIS SHOULD NOT CREATE PROTOCOL PROBLEMS OR INHIBIT PARTICIPATION BY INDIVIDUALS FROM OTHER GOVERNMENTS WHO HAVE MINISTERIAL RANK.

14. COMMENT: PART OF SOAMES' REACTION CAN BE TRACED TO HIS PERSONAL EMBARRASSMENT AT HAVING APPARENTLY BEEN OFF BASE IN THE COMMISSION DEBATES. NEVERTHELESS, THE CONCERNS HE EXPRESSED WERE GENUINE AND SEEM TO BE SHARED BY OTHERS. TO THE EXTENT WE CAN, IT WOULD BE DESIRABLE TO SPELL OUT IN GREATER DETAIL HOW FAR WE THINK THE SUBSTANTIVE DISCUSSION CAN BE CARRIED AT THE FEBRUARY 11 CONFERENCE. THERE SEEMS TO BE A RATHER CLEAR UNDERSTANDING OF THWAT THE FOREIGN MINISTERS, ENERGY OFFICIALS, AND RESEARCH AND TECHNOLOGY OFFICIALS WILL DO; THERE IS A LESS PRECISE VIEW OF WHAT THE FINANCE MINISTERS WILL BE ABLE TO DO.

15. ONE OTHER MAIN PROBLEM RELATES TO LDC INVOLVEMENT AND ANY SPECIFITY WE CAN ADD ON METHOD AND TIMING OF BRINGING IN THE LDCS WOULD BE HELPFUL.GREENWALD

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X Capture Date: 01 JAN 1994 Channel Indicators: n/a

Current Classification: UNCLASSIFIED

Concepts: PETROLEUM, SUPPLIES, IMPORTS, LESS DEVELOPED COUNTRIES, FOREIGN MINISTERS MEETINGS, PRICES

Control Number: n/a Copy: SINGLE Draft Date: 01 JAN 1974 Decaption Date: 01 JAN 1960 Decaption Note: Disposition Action: RELEASED Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974FCBRI 100652

Document Number: 1974ECBRU00652 Document Source: CORE Document Unique ID: 00

Drafter: n/a Enclosure: n/a Executive Order: GS Errors: N/A Film Number: n/a From: EC BRUSSELS Handling Restrictions: n/a

Image Path: ISecure: 1

Legacy Key: link1974/newtext/t19740167/aaaacloa.tel Line Count: 361

Locator: TEXT ON-LINE Office: ACTION EUR

Original Classification: CONFIDENTIAL Original Handling Restrictions: n/a Original Previous Classification: n/a Original Previous Handling Restrictions: n/a

Page Count: 7

Previous Channel Indicators:
Previous Classification: CONFIDENTIAL Previous Handling Restrictions: n/a Reference: A) STATE 19381 Review Action: RELEASED, APPROVED

Review Authority: morefirh Review Comment: n/a Review Content Flags: Review Date: 27 MAR 2002

Review Event:

Review Exemptions: n/a
Review History: RELEASED <27 MAR 2002 by worrelsw>; APPROVED <18 APR 2002 by morefirh>

Review Markings:

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Review Media Identifier: Review Referrals: n/a Review Release Date: n/a Review Release Event: n/a **Review Transfer Date:** Review Withdrawn Fields: n/a

Secure: OPEN Status: NATIVE

Subject: ENERGY: COMMISSION REACTION TO US VIEWS ON WASHINGTON ENERGY CONVERENCE

TAGS: ENRG, US, EEC

To: STATE

Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005